



Schools Forum

Date: Monday, 18 July 2022
Time: 4.00 pm
Venue: To be held virtually over Zoom

Everyone is welcome to attend this committee meeting. Members of the Forum will be provided with a virtual invite to this meeting. For more information, please contact the Committee Officer overleaf.

Membership of the Schools Forum

Secondary Sector Headteachers (1) Gillian Houghton
Primary Sector Headteachers (4) Patricia Adams, Mike Cooke, Hatim Kapacee, Saeeda Ishaq
Primary Sector Governors (4) Nichola Davidge, Tony Daly, Michael Flanagan
Special School Headteachers (1) Alan Braven
Special School Governor (1) Walid Omara
Academy Representative (6) Elizabeth Fritchley, Andy Park, Emma Merva, Ian Fenn, Joshua Rowe, Michael Carson, Edward Vitalis
Pupil Referral Unit Representative (1) Helen McAndrew
Nursery School Representative (1) Joanne Fenton
Non-School Members (9) Isobel Booter, Councillor Stone, Cath Baggaley, John Morgan, Elizabeth Cummings, Antonio de Paola

Agenda

- 1. Urgent Business**
To consider any items which the Chair has agreed to have submitted as urgent
- 2. Appeals**
To consider any appeals from the public against refusal to allow inspection of background documents and/or the inclusion of items in the confidential part of the agenda
- 3. Minutes** 5 - 8
To note as a correct record the minutes of the last meeting held on 20 June 2022.
- 4. Analysis of Excessive School Balances 2021-22 and Clawback** 9 - 16
The report of the Directorate Finance Lead – Children’s and Schools is enclosed.
- 5. National Funding Formula (NFF) Consultation: Implementing the Direct NFF** 17 - 26
The report of the Directorate Finance Lead – Children’s and Education is enclosed.
- 6. Forward Planning Academic Year 2022/23** 27 - 28
The report of the Directorate Finance Lead - Children’s and Schools is enclosed.

Information about the Forum

Schools are represented on the Forum by headteachers and school governors, elected to reflect all categories of school. In Manchester; there are non-school representatives from the teacher associations; additional non-voting places are reserved for invited elected members and representatives of other interested bodies.

The Forum members work together to provide a clear consensus of professional advice to education decision-makers, to achieve a transparent deployment of available resources. The Forum provides a formal channel of communication between the Council and schools for consultation concerning the funding of schools, and aims to agree recommendations which present the best possible compromise between competing claims on limited resources; has strategic oversight of ALL funding decisions affecting schools, and is involved in annual consultation in respect of the Council's functions relating to the schools budget in connection with the following:

- pupils with SEN (Special Educational Needs)
- early years
- revisions to the Council's scheme for the financing of schools
- administration of central government grants to schools including Standards Funds
- arrangements for free school meals

The Forum must be consulted on any proposed changes to the Council's school funding formula, and the financial effects of any proposed changes.

Smoking is not allowed in Council buildings.

Joanne Roney OBE
Chief Executive
Level 3, Town Hall Extension,
Albert Square,
Manchester, M60 2LA

Further Information

For help, advice and information about this meeting please contact the Committee Officer:

Reena Kohli
Tel: 0161 234 4235
Email: r.kohli@manchester.gov.uk

This agenda was issued on **Friday, 8 July 2022** by the Governance and Scrutiny Support Unit, Manchester City Council, Level 2, Town Hall Extension, Manchester M60 2LA

This page is intentionally left blank

Manchester Schools Forum

Minutes of the meeting held on 20 June 2022

Present: Andy Park, Anne Summerfield, Mike Cooke, Gavin Shortall, Tony Daly, Cllr Reid, Cathryn Baggaley, Lee Ormsby, Hatim Kapacee, Alan Braven, Antonio De Paola, Walid Omara, John Morgan, Nehal Ayub, Edward Vitalis and Vandnha Kohli.

Also present: Amanda Corcoran

Apologies: Michael Carson, Philip Geldard, Jenny Smillie, Andrew Burton, Helen Child and Jimmy Buckley (retired).

SF/22/09 Minutes

The minutes of the meeting held on 21 March 2022 were submitted for consideration as a correct record.

Decision

To agree the minutes of the meeting held on 21 March 2022 as a correct record.

SF/22/10 School Improvement Monitoring and Brokering Grant (SIMBG)

The Forum considered a report of the Directorate Finance Lead, Schools and Education that described that In November 2021 the Education and Skills Funding Agency (ESFA) launched a consultation on the how local authorities school improvement functions were funded. ESFA, in January 2022 published the outcome of the consultation: Reforming how local authorities' school improvement functions are funded, which confirmed the School Improvement Monitoring and Brokering grant (SIMBG) would reduce by 50% from financial year 2022/23 and by removed entirely from 2023/24.

Schools and Early Years Finance Regulations 2022 had been updated to allow local authorities to deduct funding from maintained school budget shares with the approval of their Schools Forum maintained school representatives. As reported to School Forum January 2022, the Council did not seek further de-delegation 2022/23 following reduction of the SIMBG 2022/23.

Decision

To note the report.

SF/22/11 Dedicated Schools Grant (DSG) and School Balances 2021/22 - Outturn

The Forum considered a report of the Directorate Finance Lead – Children's and Schools that described that the provisional outturn for Manchester maintained schools was an overall surplus of £19.50m, which was a decrease of £1.11m (of which c.£400k related to two schools that had since academised) in the total Schools

Balances (Revenue & Capital) held compared to 2020/21. The final position on the centrally retained element of the Dedicated Schools Grant (DSG) was a £2.70m overspend.

Decision

To note the report.

SF/22/12 Education White paper and SEND Review Green paper

The Forum considered a report of the Directorate Finance Lead – Schools and Education that described that on the 29 March 2022 the Department for Education (DfE) announced and published the education whitepaper, Opportunity for All: strong schools with great teachers for your child, and the green paper, SEND Review: right support, right place, right time.

The white paper vision was that by 2030 90% of children leaving primary school will achieve the expected standard in reading, writing and maths, and that Secondary pupils to increase the national GCSE average grade in both English language and in Maths to level 5.

The consultation on the green paper was seeking views about the changes to make to the special educational needs and disabilities (SEND) and alternative provision (AP) system, to improve the outcomes for these children and young people. There were strong links across the white paper and the green paper. The report presented to the Forum focused on the headlines on the finance and funding implications and analysis in those papers.

Decision

To note the report.

SF/22/13 Outcome of the National Funding Formula Consultation

The Forum considered a report of the Directorate Finance Lead, Schools and Education that described that the Department for Education (DfE) had in July 2021 launched a consultation “Fair school funding for all: completing our reforms to the National Funding Formula.” This consultation sought views on the development of a single national funding formula (NFF) system to direct funds to schools, rather than allowing local authorities the flexibility to use their local funding formula (LFF).

Key elements of this consultation were reported to School Forum September 2021. This report provides an update, as published end of March 2022, on the National Funding Formula (NFF) consultation response.

Decision

To note the report.

SF/22/14 Any other business

- 1) The Chair stated that there was a Primary School in a dispute with MCC over outdoor space and that, if it was legally appropriate for the forum to make such a decision, he would like to set up a Sub-Committee to hear a case from All Saints Primary School (Newton Heath). The Chair asked if there were any objections and there were none. The Chair asked for 2 other volunteers to sit alongside himself on the panel. Cllr Reid and Alan Braven volunteered to sit on the panel, should this Sub-Committee be required.
- 2) The Chair requested that the Forum state their preference towards virtual or face to face meetings from September 2022 onwards. A vote was taken and virtual meetings won the vote. The Chair stated that the Forum would start with virtual meetings in September and then there was always potential for a later review.
Comments were made about the difficulty in travelling to and from the City Centre at rush hour and a suggestion was put forward to use other buildings/schools around Manchester. It was also noted that the School Forum meetings are held in public and this should be taken into consideration with regards to a suitable venue.
- 3) Vandhna Kohli stated that she has now renounced her previous name of Reena.
- 4) The next meeting date for the Schools Forum was agreed as Monday 18 July 2022 at 4pm.

This page is intentionally left blank

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Analysis of Excessive School Balances 2021/22 & Clawback

Report of: Directorate Finance Lead – Children’s and Schools

Summary

All maintained schools deemed to have an excessive balance as reported at year end must complete an analysis of reserves, to account for the control and use of the excessive balances. In 2021/22, Manchester schools’ excessive balances have decreased by £1m when comparing 2020/21 balances.

The Scheme for Financing schools includes a clawback mechanism (section 4), where schools who have held an excessive surplus balance above the allowable threshold for more than four years will be subject to a clawback, with a right to appeal. This report seeks School Forum’s decision on the rate of the automatic clawback mechanism for 2022/23.

Recommendations

All School Forum members are asked to note and comment on:

- The level of maintained school balances 2021/22
- The excessive clawback 2022/23 for maintained schools

All maintained Schools Forum members are asked to comment and vote on the option for the school’s automatic clawback for 2022/23 only:

- Option One: 50% of all excessive surplus balances held for more than four years
 - Option Two: 100% of all excessive surplus balances held for more than four years.
-

Contact Officers:

Name: Anne Summerfield
Position: Directorate Finance Lead Education and Schools
Telephone: 0161 234 1463
E-mail: anne.summerfield@manchester.gov.uk

Name: Nehal Ayub
Position: Principal Finance Manager - Schools
Telephone: 0161 234 1467
E-mail: nehal.ayub@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have

been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Supporting Reports:

20 th June 2022	Dedicated Schools Grant (DSG) and School Balances 2021/22 – Outturn Report
----------------------------	--

1. Introduction

- 1.1 Annually an analysis of reserves review is completed for each maintained school that has an excessive revenue balance, identifying the planned use of the excessive reserves. Schools' balances are deemed excessive if the surplus is higher than the allowable balance, whereby the allowable balance is deemed to be 8% of the budget share for nursery, primary and special schools, and 5% of the budget share for secondary schools.
- 1.2 Within the Scheme for Financing schools where a maintained school has held an excessive surplus balance above the allowable threshold for more than four years will be subject to the clawback mechanism, with the right to an appeal. It is proposed that these funds are set against the DSG cumulative deficit.

2. Excessive Surplus Balances

- 2.1 Table one outlines the excessive balances for 2021/22 by phase on all schools above the allowable balance, a total of £4.04m which is a decrease of £1.00m compared to 2020/21 excess balances. The table shows that the number of schools with excessive balances has decreased by 28% (18 schools) compared to the last financial year.

Table one: Schools' Excess Balances

Sector	2021/22		2020/21		Movement	
	No.	£000's	No.	£000's	No.	£000's
Nursery	0	0	0	0	0	0
Primary	38	2,442	59	4,034	-21	-1,592
Secondary	1	358.785	1	187	0	172
Special	8	1238.23	5	823	3	415
Total	47	4,039	65	5,044	-18	-1,005

- 2.2 Schools via analysis of reserves have provided commitments for their 2021/22 excess balances, as shown in table two below. The majority of the commitments:
- (£1.69m) are for planned works, primarily for building and grounds improvements, ICT and electrical upgrades, and extensions. A
 - Offset future year budget reductions resulting from falling rolls (£1.38m), across 16 primary schools and 3 special schools.
 - Other commitments are for planned asset purchases (£455k);
 - Contingencies for backdated payments (£183k);
 - Carry forward unspent grants (£277k).

Table two: Analysis of Reserves - Committed Spend

2021/22	Excess Balance	Balances held on behalf of other schools	External Balances e.g. Banker School	Planned Work not yet begun or completed	Planned Asset Purchase	To off-set future year budget reductions (falling rolls)	Contingency for backdated payments	Unspent Grants	Total Committed
		£000's							
	£000's								
Nursery	0	0	0	0	0	0	0	0	0
Primary	2,442	10	4	1,046	319	1,068	165	144	2,757
Secondary	359	0	0	245	0	0	0	0	245
Special	1,238	0	0	403	126	310	18	133	990
Total	4,039	10	4	1,694	445	1,378	183	277	3,992

- 2.3 Collectively, schools have committed spend of £3.99m of their total £4.04m excessive balances. Whilst several schools have outlined plans for parts of their allowable surplus balances, above and beyond their excess balances, others have not fully committed their excess balances. The LA is following up with the latter group of schools to gain a further understanding of their plans.
- 2.4 Appendix one provides a list of 16 schools where the excessive balances are above £100k for 2021/22 and the movement from the previous financial year.
- 2.5 Appendix two provides a full list of the 47 schools with excessive balances at end of 2021/22, detailing their total year-end balance and excess balances for 2021/22. The final column illustrates the school year-end balances 2021/22 as a proportion of their current year's budget share.

3. Excessive Surplus Balances Clawback

- 3.1 Pursuant to section 4.2 of the Scheme for Financing Schools, maintained schools are subject to a clawback of any excessive surplus balances held by the school for a period of more than four years. Schools have the right to challenge this clawback via appeal to a panel, made up of school forum members. Example of how the excessive clawback mechanism works is illustrated in Appendix three. The rate of the clawback to be actioned 2022/23 is to be agreed by maintained school forum members, last financial year it was agreed at the rate of 50%.
- 3.2 In 2021/22, ten schools have been identified (9 primary and 1 special) as subject to the automatic excessive balance's clawback, with collective excessive balances over the allowable threshold totalling £0.67m. £193k of these balances have been held for more than four years. Appendix four outlines the excessive balances held by these 10 schools over the past five years, with the two columns on the right hand-side showing the excess balances held for more than four years as well as the potential clawback amount under a 50% rate of clawback. (In 2021/22, 18 schools were identified for the automatic excessive balances clawback, with a total clawback of £304k, at the rate of 50% as agreed by Schools Forum.)
- 3.3 Out of the ten schools subject to the automatic clawback, at 100% there are five schools where the clawback is below £10k, the other five school's clawback ranges from £15k to £57k. All schools have received additional supplementary funding to support with the rising cost of inflation and the new health and social care levy. The Council included the supplementary funding in the excessive balances' calculation,

by doing so resulted in schools allowable balance increasing.

- 3.4 Five schools where the clawback would be below £10k, clawback being the **lowest** balance in the last five years. If 100% clawback was actioned, three of those schools would still hold balances in excess of the 5% and 8%. Balances ranging from £1k to £153.
- 3.5 Five schools where the clawback would be above £10k, clawback being the **lowest** balance in the last five years. If 100% clawback was actioned, four of those schools would still hold balances in excess of 5% and 8%. Balances ranging from £18k to £133k.
- 3.6 School Forum June 2022, the Council reported that the Dedicated School grant (DSG) cumulative deficit as at 31 March 2022 is £2.70m. This deficit is due to on-going pressures within the high needs block (HNB). The Council are working on a recovery plan to address the structural deficit. Any clawback from schools excessive balances held for more than four years will be used against the DSG deficit.
- 3.7 This report seeks agreement from the maintained Schools Forum members regarding the option for the rate of the clawback for 2022/23, on all excessive surplus balances held for more than four years up to 2021/22:
- Option One: 50%, totalling £96.5k
 - Option Two: 100%, totalling £193k

4. Conclusion and Recommendations

- 4.1 **All** School Forum members are asked to note and comment on:
- The level of maintained school balances 2021/22
 - The excessive clawback 2022/23 for maintained schools
- 4.2 **All maintained** Schools Forum members are asked to comment and vote on the option for the school's automatic clawback for 2022/23:
- Option One 50% of all excessive surplus balances held for more than four years
 - Option Two: 100% of all excessive surplus balances held for more than four years.

Appendix One: 2021/22 Excess Balances over £100k (16 schools, highest to lowest)

DfE Number	School	Excess Balance 2021/22 £	Excess Balance 2020/21 £	Variance Year on Year
7056	Southern Cross	359,767	0	359,767
4768	The Barlow High	358,785	186,758	172,027
1102	Bridglea PRU	224,511	175,373	49,138
7047	Rodney House	193,354	143,189	50,165
2341	Benchill Primary	192,794	261,817	-69,022
2010	Ashbury Meadow Primary	190,742	57,478	133,264
2058	Chapel Street Primary	187,946	159,307	28,639
2326	Baguley Hall Primary	175,406	216,103	-40,697
3473	St Bernard's Primary	167,263	166,354	909

7007	Manchester Hospital School	158,907	416,585	-257,678
2324	Medlock Primary	155,425	224,594	-69,169
3500	St Cuthbert's Primary	144,597	0	144,597
7959	The Federation	129,363	0	129,363
7029	Lancastrian	128,253	0	128,253
2161	Mauldeth Road Primary	126,807	36,322	90,485
2305	Manley Park Primary	117,840	149,534	-31,693

Appendix Two: List of All Schools with Excess Balances in 2021/22 (47 Schools)

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, High Needs, & Supplementary Grant)	YEAR END BALANCE as % of BUDGET SHARE
		2021-22 £	2021-22 £	2022-23 £	%
Primary					
3301	All Saints Primary (NH)	127,779	26,913	1,260,828	10.1%
2321	All Saints Primary (Gorton)	111,309	5,345	1,324,545	8.4%
2006	Alma Park Primary	271,244	84,164	2,338,502	11.6%
3043	Armitage Primary	228,743	25,444	2,541,239	9.0%
2010	Ashbury Meadow Primary	398,556	190,742	2,597,672	15.3%
2326	Baguley Hall Primary	394,912	175,406	2,743,825	14.4%
2341	Benchill Primary	414,489	192,794	2,771,186	15.0%
2340	Button Lane Primary	236,767	46,185	2,382,268	9.9%
2058	Chapel Street Primary	467,618	187,946	3,495,896	13.4%
2068	Claremont Primary	314,759	29,400	3,566,993	8.8%
2296	Crab Lane Primary	267,187	89,615	2,219,653	12.0%
2327	Crumpsall Lane Primary	191,746	13,816	2,224,127	8.6%
2129	Heald Place Primary	369,693	90,105	3,494,853	10.6%
3408	Holy Name Primary	101,126	6,780	1,179,317	8.6%
2305	Manley Park Primary	282,895	117,840	2,063,184	13.7%
2161	Mauldeth Road Primary	311,531	126,807	2,309,054	13.5%
2324	Medlock Primary	341,294	155,425	2,323,367	14.7%
2186	Northenden Primary	91,615	3,488	1,101,597	8.3%
3475	Our Lady's Primary	147,732	59,317	1,105,190	13.4%
2302	Pike Fold Primary	214,500	24,730	2,372,123	9.0%
2234	Ravensbury Primary	293,182	93,294	2,498,595	11.7%
2008	Ringway Primary	179,628	4,977	2,183,126	8.2%
3464	Sacred Heart Primary (Baguley)	103,030	4,019	1,237,627	8.3%
3505	Sacred Heart Primary (Gorton)	143,530	6,237	1,716,158	8.4%
3011	St Augustine's Primary	167,842	64,151	1,296,131	12.9%
3473	St Bernard's Primary	281,532	167,263	1,428,359	19.7%
3432	St Catherine's Primary	233,621	77,125	1,956,192	11.9%
3042	St Clement's Primary	120,776	17,572	1,290,047	9.4%
3500	St Cuthbert's Primary	256,348	144,597	1,396,879	18.4%

DFE NO	School	YEAR END BALANCES (Revenue & Capital)	EXCESS BALANCES	BUDGET SHARE INCOME (Early Years, Schools Block, High Needs, & Supplementary Grant)	YEAR END BALANCE as % of BUDGET SHARE
		2021-22	2021-22	2022-23	%
3445	St Francis Primary	112,415	11,741	1,258,415	8.9%
3489	St John's Primary (Chorlton)	198,998	47,927	1,888,385	10.5%
3494	St Joseph's Primary	114,384	12,533	1,273,147	9.0%
5200	St Kentigern's Primary	181,755	19,369	2,029,832	9.0%
3452	St Malachy's Primary	149,410	55,824	1,169,827	12.8%
3457	St Mary's Primary (Levenshulme)	149,300	11,717	1,719,800	8.7%
3039	St Paul's Primary	160,470	31,817	1,608,161	10.0%
3325	St Philip's Primary	110,941	13,924	1,212,711	9.1%
2278	Varna Street Primary	203,509	5,942	2,469,580	8.2%
38	Primary Total	8,446,164	2,442,293	75,048,390	
4768	The Barlow High	653,404	358,785	5,892,380	11.1%
1	Secondary Total	653,404	358,785	5,892,380	
Special					
7029	Lancastrian	394,101	128,253	3,323,095	11.9%
7007	Manchester Hospital School	436,138	158,907	3,465,384	12.6%
7042	Meade Hill	99,644	11,574	1,100,879	9.1%
7047	Rodney House	349,236	193,354	1,948,525	17.9%
7056	Southern Cross	595,579	359,767	2,947,646	20.2%
7959	The Federation	371,293	129,363	3,024,137	12.3%
1102	Bridglea PRU	427,028	224,511	2,531,460	16.9%
1105	Secondary PRU	542,601	32,497	6,376,299	8.5%
8	Specials Total	3,215,620	1,238,226	24,717,424	
47	Total All Above Schools	12,315,188	4,039,304	105,658,193	

Appendix Three: Illustration of Excessive Clawback mechanism.

Table below gives an illustration of the automatic clawback calculation at school level. All three schools have demonstrated robust plans to spend the excess balance, and all have the same excessive balance of £250k at the end of the current financial year. Each school is subject to a different clawback due to the lowest excessive balance over the five years.

	<u>School A</u>	<u>School B</u>	<u>School C</u>
	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)	Excessive Balance (above 5% or 8% threshold)
Year one: 2021/22	£250,000	£250,000	£250,000

Year two: 2020/21	£8,500	£150,000	£780,000
Year three: 2019/20	£0	£95,000	£785,000
Year four: 2018/19	£0	£10,000	£700,000
Year five: 2017/18	£56,000	£100,000	£650,000
Excess Balance held for 5 years	£0	£10,000	£250,000
Clawback at 50%	£0	£5,000	£125,000
Clawback at 100%	£0	£10,000	£250,000

Where a school has not held an excess balance above the threshold for more than four years, like school A in the table above, and has demonstrated robust plans to spend (Analysis of Reserves) there will be no clawback. But if School A has **not** demonstrated sufficient robust plans to spend the excess balance, the clawback will be applied prior to the lapse of the allowable balance retention period of more than four years. In this example, the school would be subject to clawback of a maximum of £250k.

The appeals panel will continue under both options as this gives schools subject to a clawback an opportunity to present evidence of their extenuating circumstances which have led to individual schools holding excessive balances over five years.

Appendix Four: 2021/22 Excess Balances for 10 Clawback Schools

DfE no	Name of School	Excess Balance (£ Above Allowable Balance)					Excess Balance held for more than 4 years	Clawback at 50%
		2021/22	2020/21	2019/20	2018/19	2017/18		
							100%	50%
2010	Ashbury Meadow Primary	190,742	57,478	516,888	551,075	618,311	57,478	28,739
3475	Our Lady's RC Primary	59,317	94,336	87,691	65,700	41,764	41,764	20,882
2161	Mauldeth Road Primary	126,807	36,322	114,065	185,036	421,760	36,322	18,161
2302	Pike Fold Primary	24,730	214,548	290,749	692,780	671,040	24,730	12,365
2234	Ravensbury Primary	93,294	183,802	14,807	127,362	60,972	14,807	7,404
2278	Varna Street Primary	5,942	150,053	69,608	298,926	320,676	5,942	2,971
7007	Manchester Hospital School	158,907	416,585	5,731	604,594	367,421	5,731	2,866
3464	Sacred Heart Catholic Primary Baguley	4,019	57,459	5,239	69,816	213,938	4,019	2,010
2186	Northenden Primary	3,488	2,114	9,413	36,178	53,895	2,114	1,057
2321	All Saints Primary (Gorton)	5,345	78,481	42,852	9,772	205	205	103
	Totals	672,592	1,291,179	1,157,044	2,641,237	2,769,982	193,113	96,557

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: National Funding Formula (NFF) Consultation: Implementing the Direct NFF

Report of: Directorate Finance Lead – Children’s and Education

Summary

The Department for Education (DfE) have recently launched a consultation on *Implementing the direct National Funding Formula (NFF)*, to develop a single national funding formula (NFF) system to direct funds to schools. The direct NFF is moving away from local funding formulas (LFF) for primary and secondary schools to a direct formula from DfE.

The consultation closes 9 September 2022 and looks at some of the more technical aspects of how the direct NFF can be implemented. This report looks at the proposed changes, how they may impact Manchester from 2023/24 and Manchester’s draft response to the consultation. The response included in this report is Manchester’s initial view, once fully worked through the final response will be shared with schools.

Recommendations

School Forum members are asked to note and comment on:

- DfE proposals under the NFF consultation: *Implementing the direct National Funding Formula (NFF)*
 - Manchester’s draft response to the consultation, final response to be shared with schools.
 - School Forum submitting a response to the NFF consultation.
-

Contact Officers:

Name: Reena Kohli

Position: Head of Finance – Children’s, Education Services and Schools

Telephone: 0161 234 4235

E-mail: reena.kohli@manchester.gov.uk

Name: Anne Summerfield

Position: Directorate Finance Lead Education and Schools

Telephone: 0161 234 1463

E-mail: anne.summerfield@manchester.gov.uk

Name: Nehal Ayub

Position: Principal Finance Manager

Telephone: 0161 234 1467

E-mail: nehal.ayub@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy, please contact one of the contact officers above.

Supporting Reports:

20 September 2021	Schools Forum - National Funding Formula (NFF) Consultation
15 November 2021	Schools Forum - Schools Consultation Outcome for NFF Transition
20 June 2022	Schools Forum - Outcome of the National Funding Formula Consultation (part1)

1. Introduction

- 1.1 Currently DSG (Dedicated School Grant) is allocated to Local Authorities on a national formula basis. Once the grant is received, local authorities can calculate funding for schools based on different factors in their local funding formulae (LFF) to reflect additional needs in schools' allocations.
- 1.2 The DfE have published the outcome from the first NFF consultation, which focused on the principles of moving to a direct formula: NFF consultation response. This was reported to school Forum June 2022, confirming government's commitment to start the gradual transition towards the direct funding formula from 2023/24.

The second NFF consultation, launched on the 7th June 2022, with a submission deadline 9th September 2022: Implementing the direct National Funding Formula (NFF), focuses on some of the technical elements for the proposed implementation of the direct NFF.

2. Consultation Proposals

The NFF consultation, Implementing the direct NFF, includes proposals covering the following five areas:

- Interaction between the direct NFF and funding for high needs (para 2.1 - 2.1.2)
- Funding for schools experiencing significant growth in pupil numbers or falling rolls (para 2.2 - 2.2.4).
- Premises funding (para 2.3 - 2.3.2).
- Operation of the minimum funding guarantee (MFG), which is the mechanism that protects schools against excessive year-on-year changes in their per-pupil funding (para 2.4)
- Funding cycle process, covering the DfE timescales for gathering data to calculate funding allocations, and then confirming these allocations to schools (para 2.5)

2.1 Interaction between the direct NFF and funding for high needs

This part of the consultation seeks views on two elements:

- Transfer of funding to high needs budgets.
- Indicative Special Education Needs and Disabilities (SEND) budgets

- 2.1.1 **Transfer of funding to High Needs Block** – currently local authorities have a degree of flexibility to transfer funding between the blocks of their Dedicated Schools Grant (DSG) allocations. Local authorities can transfer up to 0.5% of their schools' block with the approval of the school's forum, and any transfers above 0.5%, or where the schools forum does not agree, must be decided by the Secretary of State. Most transfers by local authorities are from school's block (funding for mainstream schools) to high needs block.

The DfE recognises that this flexibility is important in helping local authorities face pressures within the high needs. The proposal is to still allow this flexibility, but any transfer of school's block funding to the high needs budget must be approved by the Secretary of State.

Although Manchester has never requested any transfer of funding from school

funding to high needs budget, it agrees that this flexibility remains possible for local authorities.

- 2.1.2 **Indicative SEND (Special Education Needs and Disabilities)** - initial portion of SEND funding in primary or secondary schools is met from the school's initial budget. Mainstream school's budget includes a notional SEND budget calculation, as an indicative figure within the school budget that has been allocated to meet the cost of SEND. Where a school's notional SEND budget is too low when compared to eligible pupils then a top-up is added. In Manchester's 2022/23 LFF, the notional SEND budget is calculated at £60.61m, with only two schools requiring the notional SEN top-up, totalling £84k.

Local authorities use various factors within their LFF to identify the notional SEND, so there is no national consistency in the formula. The consultation seeks views that the indicative SEND budget is set nationally via the direct NFF, while maintaining this is a notional SEND budget rather than ring-fenced. Whilst Manchester agrees a standard formula set nationally would give greater transparency and consistency, the consultation does not give details on the actual formulaic approach, so at this stage we cannot assess the financial impact for Manchester.

2.2 **Funding for schools experiencing significant growth in pupil numbers or falling rolls.**

The consultation proposes that this is to be implemented from the second year of the NFF transition 2024/25, the consultation seeks views on two approaches for growth funding: -

- Approach one: allow some continuing local flexibility in how growth funding is distributed to schools, but with significantly greater consistency than in the current system; **or**
- Approach two: a national, standardised system without local flexibility, where the ESFA would allocate growth funding directly to schools based on information provided by LAs.

- 2.2.1 **Approach one** (ESFA's "favoured approach"), local authorities would retain some flexibility in the administration of their growth fund, but there would be subject to a set of restrictions on the use of this funding. These restrictions include: -

Local authorities to increase the consistency and predictability in the operation of growth funding, by:

- the using a transparent and standard formulation for their growth criteria.
- minimum requirements on growth criteria to ensure schools are guaranteed a basic level of funding, which could be achieved by setting a minimum unit rate of funding (the unit rates provisionally cited are £2,000 and £3,000 per primary and secondary pupils respectively)
- minimum expectations on the circumstances in which local authorities would be required to provide growth funding.
- centrally retaining some growth and falling rolls funding, with any unspent centrally retained either reverting to form part of the DSG balance (as currently) or reverting back to the DfE.

Manchester already operates under a published growth fund criteria and retains an element of the growth fund allocation to fund additional in-year expansions. However Manchester's current growth funding unit rates (£1,004 and £1,721 for maintained and academy primary pupils, and £1,311 and £2,247 for maintained and academy secondary pupils) are notably lower than the minimums cited above in the consultation.

Additional requirements on how local authorities operate falling rolls funding:

Standardising the eligibility criteria by introducing minimum thresholds for schools' decline in pupils; and introducing a standard calculation for the funding methodology for falling rolls funds. This would also include a requirement for local authorities to use their Schools Capacity Survey (SCAP) to assess need for future school places, replacing the current requirement to use local planning assessments. The ESFA are further considering whether to retain the current restriction that only schools rated by Ofsted as 'Good' or 'Outstanding' can be eligible for falling rolls funding.

Manchester's growth fund criteria currently does not include a provision for falling rolls funding.

Reform the allocation methodology of growth and falling rolls funding to local authorities, this would include:

- re-baselining the amount of growth funding nationally based on 2023/24 spend (currently based on 2018/19 spend)
- allocating funding on the basis of both growth **and** falling rolls, i.e., on the basis of areas that have seen growth or a (significant) decline in pupil numbers. This is a departure from the current approach whereby pupil data on growth only, and not declines, is used to determine LA growth fund allocations.

Manchester's growth fund allocation has shrunk significantly over the past few years, and a smaller allocation often limits us to a smaller spend as we are unable to supplement our growth fund allocation from an already pressured DSG. If current trends were to continue, using 2023/24 as the baseline will not prove welcome for Manchester. Additionally, a couple of Manchester schools have recently experienced significant declines in pupil numbers, and a growth allocation that takes account of declining pupil numbers is expected to have an adverse impact on Manchester's growth allocation under this new methodology

Allow local authorities to spend growth funding on repurposing and removing surplus places. This would allow local authorities to spend growth funding on repurposing school estates and removing surplus places to redirect capacity at alternative services. Although this provision would provide greater flexibility for local authorities, given Manchester's shrinking growth fund allocation, it is questionable whether funding could be redirected for this purpose.

- 2.2.2 **Approach two** is a fully nationalised growth funding system would be implemented, with no local flexibility, where the ESFA would allocate growth funding directly to schools based on information provided by local authorities. This is not the ESFA's favoured approach (see approach one), and it would require various stipulations to address concerns raised in stage one of the NFF consultation. This approach

reduces underfunding risk to the local authority and seems more consistent with the direct funding formula approach.

2.2.3 Manchester's preference at this stage is towards approach two, given Manchester's reducing growth fund and approach two reduces the risk of underfunding. Approach two also aligns with direct NFF principles of funding formula being standardised.

2.2.4 **Popular growth** this is currently provided by the DfE to academy schools only, where an academy school becomes more popular locally, as opposed to growth resulting from demographic need. ESFA maintain that the provision of popular growth funding to academies only reflects the role that MATs play in the school system, however, following concerns raised in the first stage of the consultation, ESFA are now consulting on whether this should be widened to maintained schools, Manchester would support this proposal.

2.3 Premises funding

This section of the consultation request views on split sites and exceptional funding for schools under the proposed direct NFF.

2.3.1 **Split Sites** – this school-led funding is intended to account for additional cost incurred where a school is split over more than one site. Currently this factor is optional for local authorities and the methodology applied varies. Manchester's LFF includes split site funding at a flat rate of £45k.

The DfE propose to develop a formulaic approach to split sites within the direct NFF, which will include two elements: basic and distance eligibility, with a cap set at 60% of the NFF premises lump sum factor. Basic eligibility criteria will attract a lump-sum payment where the sites are separated by a public road, as a clear marker of separateness. Whereas the distance eligibility criteria lump sum will be applied where the sites meet a distance threshold of 500m (0.3miles), to represent a greater number of duplicate services and need for teachers and pupils to travel between sites.

Manchester has three primary schools that are on split sites, who receive £45k under Manchester LFF. Out of these three primary schools, all three would meet the basic criteria, and two would also be eligible for the distance element. Based on the above forecasting only one schools would see a decrease in their split site funding.

Manchester agrees with a consistent standard formula approach to split sites but needs to review if the distance criteria should be reduced before responding to the consultation.

2.3.2 **Exceptional Circumstances** – the current criteria for exceptional funding, is that the cost of the exceptional spend (additional premises cost the majority of schools do not face) is greater than 1% of the school's budget. Manchester has two high schools that receive exceptional funding (£316k and £148k).

The proposal is to reduce the categories that can apply for exceptional funding and increase the minimum threshold to at least 2.5% of the school budget. This would reduce the number of schools receiving this funding nationally. It is a concern if this

is implemented, both Manchester schools who will be eligible under the proposed categories, are likely not to meet the minimum threshold level.

Response from Manchester will include that this formula is imbalanced, and the minimum threshold remains at 1%. As a school can be eligible for exceptional funding within the categories set by DfE, thereby accepting that there are exceptional circumstances, but if it does not meet the increased minimum threshold no additional funding will be awarded.

2.4 **Operation of the minimum funding guarantee (MFG)**

Local authorities set a MFG which protects schools from excessive year-on-year losses in per-pupil funding. The MFG under the direct NFF will continue to play a crucial role for ensuring sufficient stability for schools funded above their “core” formula allocations, so that they do not see sudden drops in their per pupil funding levels.

The MFG will move to a fully pupil-led protection, excluding school-led factors such as split site and exceptional circumstances once the direct NFF is fully implemented. Until the NFF has fully taken effect, school-led factors will be included in the MFG to ensure protection. Once the direct NFF is fully implemented the issue will disappear since all schools will be funded by NFF factor values

In 2022/23, Manchester is paying out £5.292m for MFG under the LFF. Manchester welcomes confirmation that this protection will be provided on an on-going basis.

2.5 **Funding cycle process**

Consultation includes a proposed high-level timeline for the annual funding cycle under the direct NFF and how the data is gathered to calculate funding allocations. Appendix one shows the key features of the current funding cycle and how the DfE proposes these would change with the direct NFF. Apart from local authorities no longer preparing the LFF, all other features of the cycle will remain unchanged.

A consequence of local authorities no longer required to prepare the LFF under the direct NFF, is that local authorities would no longer complete the Authority Proforma Tool (APT). The APT is the tool local authorities use to calculate budget shares, as under the NFF the formula will be set nationally, as illustrated in Appendix two. Other additional information will need to be submitted under the NFF: -

- PFI data (subject to outcome of an upcoming PFI consultation)
- Exceptional circumstances (local authorities would submit request for maintained schools. Academy trust responsible for submitting their request).
- Split sites (data on changes to split sites to be submitted by local authorities and academy trust, as the expectation is this data would remain broadly stable).
- Growth Funding (information required dependant on the outcome of this consultation).
- Transfer to high needs budget

3 **Conclusion and Recommendations**

3.1 School Forum members are asked to note and comment on:

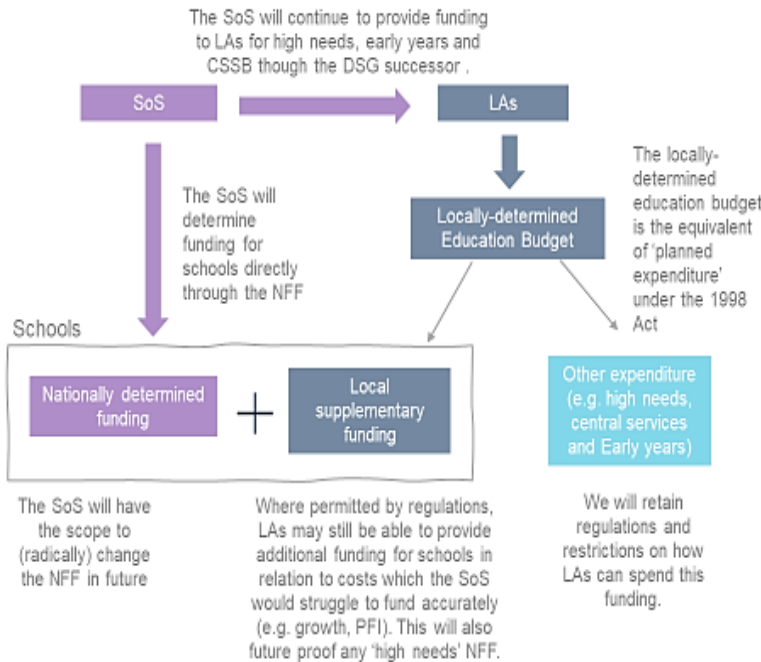
- DfE proposals under the NFF consultation: *Implementing the direct National Funding Formula (NFF)*
- Manchester’s draft response to the consultation, final response to be shared with schools.
- School Forum submitting a response to the NFF consultation.

Appendix One: Comparison of current annual funding cycle and proposed change

Timing	Current arrangements	Proposed changes from the current system
Spring (usually)	DfE usually consults on any planned significant changes to the NFF in the spring before the NFF is published.	No change proposed to the current DfE-led consultation processes.
July	NFF structure and factor values published for the subsequent funding year, together with notional allocations and local authority primary and secondary units of funding (PUFs and SUFs).	We propose to keep the timing of the NFF publication on the structure and factor values unchanged, although what we publish alongside the formula will change. (See below for details.)
Autumn	Local authorities consult with their schools’ forums on local funding formulae, de-delegation and block-transfers.	Local authorities will still need to consult by autumn on de-delegation and transfers to high needs.
December	Local authorities’ Dedicated Schools Grant (DSG) allocations published.	DSG allocations will no longer be published for the schools NFF, but they will still be published for early years,
December – January	Local authorities submit the “Authority Proforma Tool” (APT) with the local funding formulae as well as information on the school estate and pupil data.	Local funding formulae will no longer be produced. We will still need to gather some information from local authorities, but to a slightly different timescale from now. (See below for details).
February	Deadline for local authorities to confirm funding allocations for maintained schools	ESFA will issue the allocations under the direct NFF, and will try to get them out to all schools and academies as early as possible – and no later than current deadlines
March	Deadline for mainstream academies to be informed of GAG allocations by ESFA	

Appendix two:

Legislative approach: ...And so we plan standalone chapter on the new funding system in the Schools Bill



There are a number of limitations with the 1998 Act which means it is not suitable to simply amend to deliver the direct NFF:

- A. The current legislation has school funding operating on a strictly local basis. We want legislation system to have **SoS responsible for allocating and distributing funding to (mainstream) schools** and have a role in allocating other funding to LAs.
- B. The current legislation only applies to maintained schools, with the funding on academies contained in funding agreements. We want to put the **funding of academies on a statutory basis** through a new legal framework.

However, we will be leaving Chapter IV of the SSFA in place in Wales which still operates a system of local funding.

This page is intentionally left blank

**Manchester City Council
Report for Resolution**

Report to: Schools Forum

Subject: Forward Plan 2022/23

Report of: Directorate Finance Lead - Children's and Schools

Summary

Forward plan of Schools Forum business for the forthcoming academic year.

Recommendations

Members of Schools Forum are asked to note the report.

Contact Officers:

Name: Anne Summerfield
Position: Directorate Finance Lead Education and Schools
Telephone: 0161 234 1463
E-mail: anne.summerfield@manchester.gov.uk

Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

1. Introduction

- 1.1 The following report provides a forward plan for essential approvals and reports that will be brought to the Schools Forum by officers throughout the 2022/23 academic year. Further reports will be added to the Forum agenda as and when required.
- 1.2 Schools Forum, at the June 2022 meeting indicated a blended approach of virtual and resuming meetings in person, and the meetings in person should be held in public buildings outside the City Centre. This is to be worked through with Schools Forum committee clerk.

2. Forward Plan

Meeting	Reports
19 th September 2022	<ul style="list-style-type: none"> ● National Funding Formula updates ● Dedicated Schools Grant monitoring ● DSG Recovery Plan ● Annual Review of Scheme for Financing Schools and School Financial regulations
14 th November 2022	<ul style="list-style-type: none"> ● National Funding Formula updates ● De-Delegation 2023/24 ● Benchmarking
16 th January 2023	<ul style="list-style-type: none"> ● DSG settlement and budget for forthcoming year
20 th March 2023	<ul style="list-style-type: none"> ● Funding update
15 th May 2023	<ul style="list-style-type: none"> ● DSG update – adjustment to grant allocations ● High Needs Block
12 June 2023	<ul style="list-style-type: none"> ● Outturn report – School Balances and centrally retained DSG
17 th July 2023	<ul style="list-style-type: none"> ● National Funding Formula updates ● Review of Analysis of Reserves & Excessive Balances ● Early Years Block review ● School Forum Forward Plan 2023/24

- 2.1 Updates to schools and early years funding reforms will continue to be provided to Schools Forum as announcements are made.

3. Recommendations

- 3.1 Members of Schools Forum are asked to note the report.